MISSISSIPPI DELEGATION ASKS SEC TO HELP SECURE COMPENSATION FOR STANFORD FINANCIAL VICTIMS

Delegation Part of Broad Bipartisan Group Urging SEC to Help Fraud Victims

May 12, 2010

WASHINGTON, D.C. – Members of the Mississippi congressional delegation are among a broad group of House and Senate members encouraging the Securities and Exchange Commission to use its authority to help secure compensation for fraud victims of the Stanford Financial Group.

U.S. Senators Thad Cochran and Roger Wicker and U.S. Representatives Bennie Thompson, Gene Taylor, Travis Childers and Gregg Harper have signed a letter that requests SEC Chairman Mary Shapiro consider taking immediate action to compensate the thousands of U.S. citizens from 46 states—including Mississippi—who lost money in the Stanford Financial Group Ponzi scheme. In total, the letter was signed by seven Senators and 34 House members.

The letter to Shapiro recommends that the SEC “heavily consider immediately initiating a liquidation of Stanford Group Company (SGC) under the Securities Investor Protection Act and order the Securities Investor Protection Corporation (SIPC) to pay claims” of victims who were defrauded of $7.2 billion by SGC.

The letter highlights a report by the SEC Office of Inspector General (OIG) that faults the SEC’s Forth Worth office for delaying enforcement actions against Stanford for almost 12 years.

“In accordance with existing laws and regulations, we urge the SEC to heed the OIG report in making its final determination regarding the payment of SIPC claims to victims of the SGC Ponzi scheme, and see the SEC’s urgent and full cooperation to ensure justice for those who have been wronged by this crime,” the lawmakers wrote.

“The SEC’s primary function is to protect investors, and it would appear that the SEC Enforcement Director and other staff members at the SEC’s Fort Worth office committed impermissible acts of discretion that needlessly prolonged the extent and severity of the fraud,” the letter to Shapiro states.

The SIPC was created by Congress in 1970 to recoup losses, within certain limits, from bankrupt or financially-troubled brokerages. To date, Stanford Financial Group victims have not been found to be qualified for SIPC relief. However, the Stanford Victims Coalition has been conferring with the SEC to try to make a case for SIPC eligibility.

###